Non-GAAP Measures

Western Union's management believes the non-GAAP financial measures presented provide meaningful supplemental information regarding our operating results to assist management, investors, analysts, and others in understanding our financial results and to better analyze trends in our underlying business because they provide consistency and comparability to prior periods. We have also included non-GAAP revenues below that remove the impacts of Speedpay, in order to provide a more meaningful comparison of results from continuing operations.

These non-GAAP financial measures include consolidated revenue change constant currency adjusted and excluding Speedpay; Consumer-to-Consumer segment revenue change constant currency adjusted; Consumer-to-Consumer segment region and westernunion.com revenue change constant currency adjusted; Business Solutions segment revenue change constant currency adjusted; diluted earnings per share, excluding Tax Act; effective tax rate, excluding Tax Act; Consumer-to-Consumer segment principal per transaction change, constant currency adjusted; Consumer-to-Consumer segment cross-border principal change, constant currency adjusted; consolidated EBITDA margin; and operating cash flow outlook, excluding tax payments related to net gain on Speedpay and Paymap divestitures, net of lower BEAT payments.

Segment operating margins have not been adjusted for the expected reallocation of corporate overhead expenses that is anticipated after the divestiture of our Speedpay business.

A non-GAAP financial measure should not be considered in isolation or as a substitute for the most comparable GAAP financial measure. A non-GAAP financial measure reflects an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measure, provide a more complete understanding of our business. Users of the financial statements are encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included below.

All adjusted year-over-year changes were calculated using prior year amounts. Amounts included below are in millions, unless indicated otherwise.

Reconciliation of Non-GAAP Measures

Western Union WU

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Consolidated Metrics						
Revenues, as reported (GAAP)	$ 1,389.4	$ 1,411.1	$ 1,387.8	$ 1,401.6	$ 5,589.9	$ 1,337.0
Foreign currency translation impact (a)	(18.9)	9.1	52.8	68.9	111.9	77.2
Revenues, constant currency adjusted	1,370.5	1,420.2	1,440.6	1,470.5	5,701.8	1,414.2
Less Speedpay revenues (b)	(95.0)	(87.4)	(85.3)	(84.2)	(351.9)	(88.2)
Revenues, constant currency adjusted and excluding Speedpay	$ 1,275.5	$ 1,332.8	$ 1,355.3	$ 1,386.3	$ 5,349.9	$ 1,326.0
Prior year revenues, as reported (GAAP)	$ 1,302.4	$ 1,378.9	$ 1,404.7	$ 1,438.3	$ 5,524.3	$ 1,389.4
Less prior year Speedpay revenues (b)	(91.3)	(92.3)	(92.0)	(92.7)	(368.3)	(95.0)
Prior year revenues, adjusted, excluding Speedpay	$ 1,211.1	$ 1,286.6	$ 1,312.7	$ 1,345.6	$ 5,156.0	$ 1,294.4
Revenue change, as reported (GAAP)	7 %	2 %	(1) %	(3) %	1 %	(4) %
Revenue change, constant currency adjusted	5 %	3 %	3 %	2 %	3 %	2 %
Revenue change, constant currency adjusted & excluding Speedpay	5 %	4 %	3 %	3 %	4 %	2 %
Operating income, as reported (GAAP)	$ 264.9	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2
Foreign currency translation impact (a)	3.4	2.9	7.2	4.6	18.1	18.1
Operating income, constant currency adjusted	$ 268.3	$ 286.5	$ 309.8	$ 275.6	$ 1,140.2	$ 269.3
Prior year operating income/(loss), as reported (GAAP)	$ 240.1	$ 215.4	$ 272.2	$ (251.9)	$ 475.8	$ 264.9
Prior year operating income, as adjusted (c)	$ 254.4	$ 299.4	$ 290.1	$ 258.3	$ 1,102.2	$ 264.9
Operating income change, as reported (GAAP)	10 %	32 %	11 %	208 %	136 %	(5) %
Operating income change, constant currency adjusted, excluding 2017 adjustment items (c)	5 %	(4) %	7 %	7 %	3 %	2 %

Reconciliation of Non-GAAP Measures

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Consolidated Metrics cont.						
Operating income, as reported (GAAP)	$ 264.9	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2
Operating margin, as reported (GAAP)	19.1 %	20.1 %	21.8 %	19.3 %	20.1 %	18.8 %
Speedpay contribution to operating income (b)	$ 28.9	$ 25.8	$ 23.3	$ 22.8	$ 100.8	$ 20.6
Speedpay contribution to operating margin (b)	0.8 %	0.6 %	0.4 %	0.5 %	0.6 %	0.3 %
Operating income, as reported (GAAP)	$ 264.9	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2
Reversal of depreciation and amortization	66.7	65.7	63.6	68.7	264.7	64.8
EBITDA (d)	$ 331.6	$ 349.3	$ 366.2	$ 339.7	$ 1,386.8	$ 316.0
Operating margin, as reported (GAAP)	19.1 %	20.1 %	21.8 %	19.3 %	20.1 %	18.8 %
EBITDA margin	23.9 %	24.7 %	26.4 %	24.2 %	24.8 %	23.6 %

Reconciliation of Non-GAAP Measures

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Consolidated Metrics cont.						
Net income, as reported (GAAP)	$ 213.6	$ 217.6	$ 208.6	$ 212.1	$ 851.9	$ 173.1
Income tax expense/(benefit) from Tax Act (e)	(6.0)	(6.2)	26.6	8.1	22.5	N/A
Net income, adjusted, excluding Tax Act	$ 207.6	$ 211.4	$ 235.2	$ 220.2	$ 874.4	$ 173.1
Diluted earnings per share ("EPS"), as reported (GAAP) ($- dollars)	$ 0.46	$ 0.47	$ 0.46	$ 0.48	$ 1.87	$ 0.39
EPS impact as a result of Tax Act ($- dollars) (e)	(0.01)	(0.01)	0.06	0.01	0.05	N/A
Diluted EPS, adjusted, excluding Tax Act ($- dollars)	$ 0.45	$ 0.46	$ 0.52	$ 0.49	$ 1.92	$ 0.39
Diluted weighted-average shares outstanding	463.6	459.6	449.0	445.4	454.4	439.9
Effective tax rate, as reported (GAAP)	9 %	15 %	22 %	10 %	14 %	20 %
Impact from Tax Act (e)	2 %	2 %	(10) %	(4) %	(2) %	N/A
Effective tax rate, adjusted, excluding Tax Act	11 %	17 %	12 %	6 %	12 %	20 %

Reconciliation of Non-GAAP Measures

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Consumer-to-Consumer Segment						
Revenues, as reported (GAAP)	$ 1,091.0	$ 1,127.5	$ 1,107.4	$ 1,127.7	$ 4,453.6	$ 1,056.9
Foreign currency translation impact (a)	(26.4)	(9.6)	18.7	23.9	6.6	33.0
Revenues, constant currency adjusted	$ 1,064.6	$ 1,117.9	$ 1,126.1	$ 1,151.6	$ 4,460.2	$ 1,089.9
Prior year revenues, as reported (GAAP)	$ 1,015.0	$ 1,087.3	$ 1,107.7	$ 1,144.5	$ 4,354.5	$ 1,091.0
Revenue change, as reported (GAAP)	7 %	4 %	0 %	(1) %	2 %	(3) %
Revenue change, constant currency adjusted	5 %	3 %	2 %	1 %	2 %	0 %
Principal per transaction, as reported ($- dollars)	$ 307	$ 306	$ 308	$ 301	$ 305	$ 302
Foreign currency translation impact ($- dollars) (a)	(10)	(4)	5	7	—	11
Principal per transaction, constant currency adjusted ($- dollars)	$ 297	$ 302	$ 313	$ 308	$ 305	$ 313
Prior year principal per transaction, as reported ($- dollars)	$ 292	$ 293	$ 302	$ 300	$ 297	$ 307
Principal per transaction change, as reported	5 %	5 %	2 %	0 %	3 %	(2) %
Principal per transaction change, constant currency adjusted	2 %	3 %	4 %	3 %	3 %	2 %
Cross-border principal, as reported ($- billions)	$ 18.9	$ 20.4	$ 20.1	$ 20.5	$ 79.9	$ 19.1
Foreign currency translation impact ($- billions) (a)	(0.7)	(0.2)	0.3	0.4	(0.2)	0.7
Cross-border principal, constant currency adjusted ($- billions)	$ 18.2	$ 20.2	$ 20.4	$ 20.9	$ 79.7	$ 19.8
Prior year cross-border principal, as reported ($- billions)	$ 17.3	$ 18.7	$ 19.0	$ 19.5	$ 74.5	$ 18.9
Cross-border principal change, as reported	9 %	9 %	6 %	5 %	7 %	1 %
Cross-border principal change, constant currency adjusted	5 %	8 %	7 %	8 %	7 %	5 %

Reconciliation of Non-GAAP Measures

WesternUnion WU

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Consumer-to-Consumer Segment cont.						
NA region revenue change, as reported (GAAP)	4 %	3 %	2 %	0 %	2 %	1 %
NA region foreign currency translation impact (a)	0 %	0 %	0 %	0 %	0 %	0 %
NA region revenue change, constant currency adjusted	4 %	3 %	2 %	0 %	2 %	1 %
EU & CIS region revenue change, as reported (GAAP)	14 %	9 %	3 %	1 %	7 %	(3) %
EU & CIS region foreign currency translation impact (a)	(9) %	(5) %	1 %	1 %	(3) %	4 %
EU & CIS region revenue change, constant currency adjusted	5 %	4 %	4 %	2 %	4 %	1 %
MEASA region revenue change, as reported (GAAP)	0 %	(4) %	(7) %	(7) %	(5) %	(7) %
MEASA region foreign currency translation impact (a)	(1) %	(1) %	1 %	1 %	1 %	1 %
MEASA region revenue change, constant currency adjusted	(1) %	(5) %	(6) %	(6) %	(4) %	(6) %
LACA region revenue change, as reported (GAAP)	20 %	11 %	2 %	0 %	8 %	(2) %
LACA region foreign currency translation impact (a)	5 %	9 %	14 %	16 %	11 %	14 %
LACA region revenue change, constant currency adjusted	25 %	20 %	16 %	16 %	19 %	12 %
APAC region revenue change, as reported (GAAP)	2 %	(5) %	(10) %	(9) %	(6) %	(13) %
APAC region foreign currency translation impact (a)	(2) %	0 %	1 %	1 %	0 %	2 %
APAC region revenue change, constant currency adjusted	0 %	(5) %	(9) %	(8) %	(6) %	(11) %
westernunion.com revenue change, as reported (GAAP)	23 %	22 %	19 %	21 %	21 %	17 %
westernunion.com foreign currency translation impact (a)	(3) %	(1) %	1 %	1 %	0 %	2 %
westernunion.com revenue change, constant currency adjusted	20 %	21 %	20 %	22 %	21 %	19 %

Reconciliation of Non-GAAP Measures

	1Q18	2Q18	3Q18	4Q18	FY2018	1Q19
Business Solutions Segment						
Revenues, as reported (GAAP)	$ 96.7	$ 93.1	$ 100.2	$ 96.8	$ 386.8	$ 95.6
Foreign currency translation impact (a)	(4.8)	(2.7)	2.3	2.6	(2.6)	4.6
Revenues, constant currency adjusted	$ 91.9	$ 90.4	$ 102.5	$ 99.4	$ 384.2	$ 100.2
Prior year revenues, as reported (GAAP)	$ 93.6	$ 96.6	$ 99.4	$ 94.3	$ 383.9	$ 96.7
Revenue change, as reported (GAAP)	3 %	(4) %	1 %	3 %	1 %	(1) %
Revenue change, constant currency adjusted	(2) %	(6) %	3 %	5 %	0 %	4 %
Operating income, as reported (GAAP)	$ 2.8	$ 1.1	$ 14.3	$ 5.2	$ 23.4	$ 8.6
Reversal of depreciation and amortization	10.6	10.5	10.4	10.4	41.9	10.2
EBITDA (d)	$ 13.4	$ 11.6	$ 24.7	$ 15.6	$ 65.3	$ 18.8
Operating income margin, as reported (GAAP)	2.9 %	1.2 %	14.2 %	5.4 %	6.1 %	9.0 %
EBITDA margin	13.8 %	12.6 %	24.6 %	16.2 %	16.9 %	19.7 %
Other (primarily bill payments businesses in United States and Argentina)						
Revenues, as reported (GAAP)	$ 201.7	$ 190.5	$ 180.2	$ 177.1	$ 749.5	$ 184.5
Foreign currency translation impact (a)	12.3	21.4	31.8	42.4	107.9	39.6
Revenues, constant currency adjusted	$ 214.0	$ 211.9	$ 212.0	$ 219.5	$ 857.4	$ 224.1
Prior year revenues, as reported (GAAP)	$ 193.8	$ 195.0	$ 197.6	$ 199.5	$ 785.9	$ 201.7
Revenue change, as reported (GAAP)	4 %	(2) %	(9) %	(11) %	(5) %	(9) %
Revenue change, constant currency adjusted	10 %	9 %	7 %	10 %	9 %	11 %

Reconciliation of Non-GAAP Measures

2019 Consolidated Outlook Metrics		
Operating cash flow (GAAP) ($- millions)	$	850
Impact from tax payments related to net gain on Speedpay and Paymap divestitures, net of lower base-erosion anti-abuse tax payments ($- millions) (b) (f)		100
Operating cash flow, excluding impact from tax payments related to net gain on Speedpay and Paymap divestitures, net of lower base-erosion anti-abuse tax payments ($- millions)	$	950

Reconciliation of Non-GAAP Measures

WesternUnion WU

Non-GAAP related notes:

(a) Represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the United States dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the United States dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate. We believe that this measure provides management and investors with information about operating results and trends that eliminates currency volatility while increasing the comparability of our underlying results and trends.

(b) On February 28, 2019, we entered into a stock purchase agreement with ACI Worldwide Corp. and ACW Worldwide, Inc. for approximately $750 million to sell our United States electronic bill payments business known as "Speedpay," which is included as a component of "Other" in our segment reporting. The all-cash transaction is expected to close in May 2019. Revenues have been adjusted to exclude the carved out financial information for Speedpay. This pro-forma financial measure is a non-GAAP measure and should not be considered a substitute for the GAAP measure. We have included this information because management believes that presenting revenues as adjusted to exclude Speedpay will provide investors with a more meaningful comparison of results from continuing operations. Additionally, Speedpay contribution to operating income excludes corporate overhead allocations.

(c) Prior year operating income has been adjusted to exclude the impacts of our 2017 goodwill impairment, expenses incurred to transform our operating model to better drive efficiencies and growth initiatives ("WU Way expenses"), and certain litigation settlement costs. We believe that, by excluding the effects of these significant charges that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results. See below for reconciliation of prior year operating income.

	1Q17	2Q17	3Q17	4Q17	FY2017
Operating income (loss), as reported (GAAP)	$ 240.1	$ 215.4	$ 272.2	$ (251.9)	$ 475.8
Goodwill impairment	-	-	-	464.0	464.0
WU Way expenses	14.3	35.0	9.9	35.2	94.4
Litigation settlement costs	-	49.0	8.0	11.0	68.0
Operating income, as adjusted	$ 254.4	$ 299.4	$ 290.1	$ 258.3	$ 1,102.2

(d) Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") results from taking operating income and adjusting for depreciation and amortization expenses. EBITDA results provide an additional performance measurement calculation which helps neutralize the operating income effect of assets acquired in prior periods.

(e) Represents the impact to our provision for income taxes related to the December 2017 enactment of tax reform in the United States ("Tax Act"), primarily due to a tax on previously undistributed earnings of certain foreign subsidiaries, partially offset by the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. During the fourth quarter of 2018, we completed our accounting for the Tax Act.

(f) On May 6, 2019, we agreed to sell and completed the sale of Paymap Inc. ("Paymap"), which provides electronic mortgage bill payment services and is included as a component of "Other" in our segment reporting, for contingent consideration and immaterial cash proceeds received at closing. Our operating cash flow outlook has been adjusted to reflect the expected impact from tax payments relating to the net gain on Speedpay and Paymap divestitures, net of lower base-erosion anti-abuse tax payments. This financial measure is a non-GAAP measure and should not be considered a substitute for the GAAP measure. We have included this information because management believes that presenting this measure will provide investors with a more meaningful comparison of continuing operations.